## Message Text

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**ACTION AID-59** 

INFO OCT-01 EUR-12 EA-06 ISO-00 EB-07 L-02 IGA-01 OMB-01

TRSE-00 AGR-05 SSO-00 /094 W

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC IMMEDIATE 8153

AMEMBASSY THE HAGUE IMMEDIATE

LIMITED OFFICIAL USE JAKARTA 5843

FOR THE HAGUE: PASS US IGGI DELEGATION AMSTERDAM

EO 11652: N/A TAGS: EAID ID

SUBJ: PROPOSED CY 1975 PL-480 TITLE I AGREEMENT

REF: A. STATE 111449 B. JAKARTA 5721

- 1. MISSION WISHES TO POINT OUT THAT IN RESPONSE TO QUESTIONS REAISED PARAPGRPH 4 REF A GOI DESIRES TO AVOID RENEWING SUBSIDY PAYMENT NOT ONLY APPLIES TO US TIED PORTION OF UMR BUT ALSO TO UNTIED AND 195,000 BALES PORTIONS OF PROPOSED AGREEMENT. SPINNERS WANT ONLY TO ACCEPT THE PROGRAM WITH GOI SUBSIDY REGARDLESS OF ANY CREDIT BENEFITS INCLUDING PL-480 WHICH ARE NOT PASSED ON TO THEM.
- 2. EARLIER GOI DECISION THEREFORE TO REMOVE COTTON SUBSIDY AND PERMIT SPINNERS TO MEET NEEDED REQUIREMENTS IN THEIR OWN WAY MEANS THAT PROF WIDJOJO IN MAKING HIS FINAL DECISION AS REPORTED REF B MUST DECIDE WHETHER TO ACCEPT DIRECTORATE GENERAL OF TEXTILE INDUSTRY DESIRE NOT TO HAVE FURTHER GOVERNMENT INTERFERENCE AND GRATING WOF SUBSIDIES TO TEXTILE TRADE ON ONE HAND OR ACCEPT PROPOSED AGREEMENT FOR CREDIT ADVANTAGES MIT OFFERS GOI ON THE OTHER. THE LATTER WILL BE INTERPRETED BY SPINNERS LIMITED OFFICIAL USE

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TO MEAN GOVERNMENT INTERFERENCE IN RESTRICTING THE TYPES

OF PURCHASES THEY MAY OR MAY NOT REQUIRE BEYOND THE 195,000 BALES OFFERED UNDER THE AGREEMENT.

3. THE GOI OBVIOUSLY PREFERS THE ELIMINATION US TIED PORTION OF UMR AND RETENTION PROGRAM LEVEL AS OFFERED YET THEY MUST STILL DECIDE QUESTION OF SUBSIDY AND CONTROL OF TRADE. GOI REALIZES THAT PERHAPS SIMPLEST WAY OUT FOR THEM WOULD BE TO KEEP THINGS AS THEY ARE NOW AND ASSIST COTTON TRADE WITH COMMERICAL PURCHASES THROUGH USE OF CCC OF OTHER CREDIT FIANCING IF THEY DESIRE IT. AWAIT OUTCOME WIDJOJO DECISION AT IGGI MEETING IF MADE BEFORE CLOSE OF SESSION.

DECON 12/31/75 NEWSOM

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## Message Attributes

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**Current Classification: UNCLASSIFIED** 

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Subject: PROPOSED CY 1975 PL-480 TITLE I AGREEMENT

TAGS: EAID, ID
To: STATE THE HAGUE

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